



## Module 1

### Session 1 M1SC1



# Stretch Challenge: Create a New Tax Band

During financial year 22/23 the Government raised £246.8 billion through income tax alone. In pairs, decide on a new tax band between the basic and higher rate and update the table below.

| Band                      | Taxable Income  | Tax Rate                  |
|---------------------------|---|---------------------------|
| <b>Personal Allowance</b> | Up to £12,570   | 0%                        |
| <b>Basic Rate</b>         | £12,570 – (£                      )                   | 20%                       |
|                           | (£                      ) – (£                      ) | (                      )% |
| <b>Higher Rate</b>        | (£                      ) – £125,140                  | 40%                       |
| <b>Additional Rate</b>    | Over £125,140   | 45%                       |

Now research the salaries of a nurse, supermarket manager, pilot and two other professions. How would you change the tax bands and what impact would it have on their tax bill?

| Job                        | Salary | Tax paid before | Tax paid after |
|----------------------------|--------|-----------------|----------------|
| <b>Nurse</b>               |        |                 |                |
| <b>Supermarket Manager</b> |        |                 |                |
| <b>Pilot</b>               |        |                 |                |
|                            |        |                 |                |
|                            |        |                 |                |

The Government also collects national insurance contributions from those employed and self-employed to help fund the pension and benefits systems in the UK. Just like our income tax, the amount we need to pay is determined by our gross salary, and we need to work out how much we are eligible for at each tax band.

| Band                      | Taxable Income    | National Insurance |
|---------------------------|-------------------|--------------------|
| <b>Personal Allowance</b> | Up to £12,570     | 0%                 |
| <b>Basic Rate</b>         | £12,570 – £50,269 | 8%                 |
| <b>Higher Rate</b>        | £50,270+          | 2%                 |

How would paying national insurance impact the salaries you researched from page one of the stretch challenge.

| Job                        | Salary | National Insurance required |
|----------------------------|--------|-----------------------------|
| <b>Nurse</b>               |        |                             |
| <b>Supermarket Manager</b> |        |                             |
| <b>Pilot</b>               |        |                             |
|                            |        |                             |
|                            |        |                             |

